
MICHIGAN DEPARTMENT OF TREASURY

BUREAU OF BOND FINANCE

LOCATED IN:

RICHARD H. AUSTIN BUILDING, 1ST FLOOR

(*FORMERLY TREASURY BUILDING*)

**430 W. ALLEGAN
LANSING, MI 48922**

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Bureau of
**Bond
Finance**



MISSION STATEMENT

The Bureau of Bond Finance will achieve and maintain access to the financial market at the lowest cost to the citizens of Michigan on behalf of:

- Hospitals and their patients
- Higher education students and their families
- Private colleges and their students
- Public school academies and their students
- Public schools and their taxpayers
- Municipalities and their taxpayers
- The State-at-large for environmental, recreational, and other specific-voter approved projects
- The State for cash flow financing for operating purposes

MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY

The Michigan Public Educational Facilities Authority (MPEFA) was created by Executive Order 2002-3, to provide public school academies (PSAs) with access to the effective, low-cost financing utilized by traditional school districts.



MPEFA provides an effective, low-cost, facilities financing option for PSAs. The Authority also offers a low-cost financing option to fund PSA cash flow needs for operating purposes.

MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY

MTSFA

The Michigan Tobacco Settlement Finance Authority (MTSFA) was created by Act 226 of 2005 to issue bonds secured by a pledge of a percentage of tobacco settlement proceeds which will be used to finance projects under the 21st Century Jobs Fund.

MICHIGAN HIGHER EDUCATION STUDENT LOAN AUTHORITY

The Michigan Higher Education Student Loan Authority (MHESLA) is a direct lender of federally guaranteed student loans and provides an active secondary market for guaranteed student loans in the State of Michigan. The Bureau of Bond Finance performs bond issuance related functions for the Authority.



Michigan Higher Education Student Loan Authority

MICHIGAN STATE HOSPITAL FINANCE AUTHORITY

MSHFA

The Michigan State Hospital Finance Authority (MSHFA) was created by Act 38 of 1969, to issue bonds and make loans to hospitals, nursing homes, homes for the aged, hospices, and certain retirement housing providers to finance and refinance the acquisition, construction, improvement or alteration of hospital facilities, and the payment of project costs.

Healthcare facility financing is available, as well as the Healthcare Equipment Loan Program (HELP), a pooled, tax-exempt financing plan that offers Michigan health care organizations a low-cost alternative to conventional methods of borrowing for a variety of capital-related purposes.

MICHIGAN HIGHER EDUCATION FACILITIES AUTHORITY

The Michigan Higher Education Facilities Authority (MHEFA) was created under Act 233 of 1964 and Act 295 of 1969 to issue bonds in order to make loans to private non-profit colleges and universities for various capital needs including: construction of new facilities, renovation of existing facilities, and equipment purchases.

The Authority's financing capability includes the following projects: new, remodeled, or renovated college buildings, land acquisition, and capital equipment and machinery. This financing can provide up to 100% of the cost of the project, including the construction and architectural costs, financing and legal fees, bond issue expenses, Authority fees, and any surveys or studies performed.

MHEFA

STATE FINANCE DIVISION

The State Finance Division, as part of the Bureau of Bond Finance, assists the State Treasurer in managing the **State's Common Cash and Cash Flow Activity**, the **Issuance of State Bonds and Notes**, compliance with federal tax laws, and SEC disclosure requirements. It performs fiscal agent and trust services for various bond issues and public finance programs, oversight of compliance of the Federal Cash Management Improvement Act (CMIA) requirements for drawing federal funds, and administers the **State's School Bond Qualification and Loan Program**.

AUTHORITY FINANCE DIVISION

The Authority Finance Division, as part of the Bureau of Bond Finance, provides financial and administrative support services for the following state authorities:

- **Michigan Higher Education Facilities Authority**
- **Michigan Municipal Bond Authority**
- **Michigan Public Educational Facilities Authority**
- **Michigan State Hospital Finance Authority**
- **Michigan Tobacco Settlement Finance Authority**

The division also assists with bond issuance for the Michigan Higher Education Student Loan Authority.

STATE CASH MANAGEMENT

Staff assists the State Treasurer with the management of the Common Cash Fund. The Common Cash Fund pools the combined cash balance of State funds until paid out as provided by law, including the General and School Aid Funds, but not certain trust funds and funds covering the operations of State Authorities, colleges, and universities. Staff performs cash flow analysis and forecasting which enables the State Treasurer to make investment, payment, and borrowing decisions.

STATE DEBT MANAGEMENT

Staff assists the State Treasurer with administering the State's existing debt and recommends scheduling of new debt when authorized by the Legislature and the electorate. Also, assists State Authorities and other departments with debt issuance, including the payment of debt service, compiling information for rating agencies, and reporting information needed to comply with Federal tax laws pertaining to the issuance of tax-exempt debt.

The State's outstanding general obligation debt is approximately \$1.6 billion for Fiscal Year 2006.

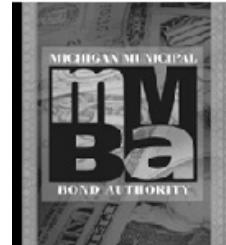
SCHOOL BOND QUALIFICATION AND LOAN PROGRAM

The School Bond Qualification and Loan Program (SBQLP) was established by the Michigan Constitution of 1963 and amended by Public Act 92 of 2005 to provide a state credit enhancement and loan mechanism for school district bond issues. The bonds must be qualified by the State Treasurer and the bond proceeds must be used for capital expenditure purposes.

Qualified Bonds provide school districts with access to the State's credit rating, which will usually result in a lower interest rate and cost, and the ability to borrow for the principal and interest requirements of outstanding qualified bonds (subject to a minimum debt millage) through the School Loan Revolving Fund.

MICHIGAN MUNICIPAL BOND AUTHORITY

The Michigan Municipal Bond Authority (MMBA) was established by the Shared Credit Rating Act, Public Act 227 of 1985, to provide Michigan local units of government and schools an alternative source of financing for infrastructure projects and cash flow needs through low cost access to the public finance market



The Local Government Loan Program provides competitive interest rates for 3 to 30 year loans. Typically, tax-exempt bonds or installment purchase contracts are issued under this program. All Michigan units of local government and public entities are eligible to apply.

The Installment Purchase Program provides borrowers with a streamlined process to purchase essential use equipment including items like heating/air conditioning equipment, vehicles, computers, phone systems, or mobile radios. The borrowing term matches the useful life of the purchased asset up to a maximum loan term of 15 years.

The State Aid Note is a streamlined loan program to finance short-term operational cash flow needs for Michigan public schools. The Authority facilitates the process by pooling the loans, soliciting bids, and obtaining the highest possible short term rating (SP-1+) resulting in competitive interest rates and lower costs for the schools.

The State Revolving Fund (SRF) and the Drinking Water Revolving Fund (DWRF) programs provide low cost financing for municipal wastewater facilities and drinking water projects, respectively. The Strategic Water Quality Initiatives Fund program provides qualified municipalities with access to financing for the construction of needed water pollution control projects.